

TOWN OF JONESVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2005
AND FOR THE YEAR THEN ENDED

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

12/07/05

TOWN OF JONESVILLE, LOUISIANA

Annual Financial Statements As of and for the Year Ended June 30, 2005 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

The Mayor and the Board of Aldermen
Town of Jonesville
Jonesville, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Jonesville, as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Jonesville's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

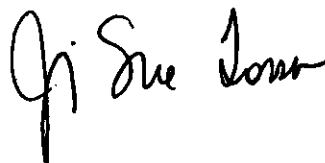
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Jonesville, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Town of Jonesville has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of the fiscal year ended June 30, 2004.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 10, 2005, on my consideration of the Town of Jonesville's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management discussion and analysis and budgetary comparison information on pages 3 through 9 and 31 through 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jonesville's basic financial statements. The individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as of and for the year ended June 30, 2005 has been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year summarized comparative information has been derived from the Town's June 30, 2004 financial statements, which were audited by Silas Simmons, LLP. In their report, dated September 8, 2004, they expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities and each major fund.

A handwritten signature in black ink, appearing to read "J. Sue Jones". The signature is written in a cursive, flowing style.

Ferriday, Louisiana

October 10, 2005

Required Supplemental Information (Part I)

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

The management of the Town of Jonesville, Louisiana offers readers of the Town of Jonesville, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2005. This management discussion and analysis (MD&A) is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the second year the Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Gas, Electric, Water, and Sewer Departments.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

Government-Wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$3,087,868 (net assets); this represents a decrease of \$137,215 from last fiscal year. Of this total net asset amount, \$280,461 is unrestricted net assets. The Town's net assets are comprised of \$1,387,778 from governmental activities and \$1,700,090 from business-type activities.

The following is a condensed statement of the Town of Jonesville's net assets as of June 30, 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets						
Current and other assets	\$ 198,741	\$ 298,682	\$ 773,625	\$ 1,015,115	\$ 972,366	\$ 1,313,797
Capital assets, net	<u>1,288,182</u>	<u>1,133,601</u>	<u>1,574,361</u>	<u>1,586,918</u>	<u>2,862,543</u>	<u>2,720,519</u>
Total assets	<u>\$ 1,486,923</u>	<u>\$ 1,432,283</u>	<u>\$ 2,347,986</u>	<u>\$ 2,602,033</u>	<u>\$ 3,834,909</u>	<u>\$ 4,034,316</u>
Liabilities						
Other liabilities	\$ 70,769	\$ 74,831	\$ 647,896	\$ 680,827	\$ 718,665	\$ 755,658
Long-term liabilities	<u>28,376</u>	<u>53,575</u>	<u>-</u>	<u>-</u>	<u>28,376</u>	<u>53,575</u>
Total liabilities	<u>\$ 99,145</u>	<u>\$ 128,406</u>	<u>\$ 647,896</u>	<u>\$ 680,827</u>	<u>\$ 747,041</u>	<u>\$ 809,233</u>
Net assets						
Invested in capital assets, net	\$ 1,233,046	\$ 1,053,228	\$ 1,574,361	\$ 1,579,130	\$ 2,807,407	\$ 2,632,358
Unrestricted	<u>154,732</u>	<u>250,649</u>	<u>125,729</u>	<u>342,076</u>	<u>280,461</u>	<u>592,725</u>
Total net assets	<u>\$ 1,387,778</u>	<u>\$ 1,303,877</u>	<u>\$ 1,700,090</u>	<u>\$ 1,921,206</u>	<u>\$ 3,087,868</u>	<u>\$ 3,225,083</u>

By far the largest portion of the Town's net assets (\$2,807,407 or 90%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance (\$280,461 or 10%) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$55,136, which was used to finance some of the \$2,862,543 capital assets. Total liabilities of \$747,041 are equal to 24% of the total net assets.

The Town's governmental activities increased net assets by \$83,901. Business-type activities decreased net assets by \$221,116. These changes are primarily due to transfers from the business-type activities to the governmental activities in the amount of \$585,587.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue						
Program revenue	\$ 445,731	\$ 387,994	\$ 3,460,944	\$ 3,426,915	\$ 3,906,675	\$ 3,814,909
General revenue and transfers	<u>1,106,561</u>	<u>1,153,581</u>	<u>(582,107)</u>	<u>(726,328)</u>	<u>524,454</u>	<u>427,253</u>
Total revenue and transfers	<u>\$ 1,552,292</u>	<u>\$ 1,541,575</u>	<u>\$ 2,878,837</u>	<u>\$ 2,700,587</u>	<u>\$ 4,431,129</u>	<u>\$ 4,242,162</u>
Expenses						
General and administrative	\$ 364,805	\$ 368,421	\$ -	\$ -	\$ 364,805	\$ 368,421
Public safety – police	510,043	474,003	-	-	510,043	474,003
Public safety – fire	29,348	14,654	-	-	29,348	14,654
Public works – streets	372,977	376,504	-	-	372,977	376,504
Public works – sanitation	142,829	140,252	-	-	142,829	140,252
Recreation	32,287	26,022	-	-	32,287	26,022
Airport	1,295	1,295	-	-	1,295	1,295
Industrial	10,758	10,484	-	-	10,758	10,484
Combined utility	-	-	3,099,953	3,011,240	3,099,953	3,011,240
Interest on long-term debt	<u>4,049</u>	<u>5,486</u>	<u>-</u>	<u>-</u>	<u>4,049</u>	<u>5,486</u>
Total expenses	<u>\$ 1,468,391</u>	<u>\$ 1,417,121</u>	<u>\$ 3,099,953</u>	<u>\$ 3,011,240</u>	<u>\$ 4,568,344</u>	<u>\$ 4,428,361</u>
Increase (decrease) in net assets	\$ 83,901	\$ 124,454	\$ (221,116)	\$ (310,653)	\$ (137,215)	\$ (186,199)
Net assets, beginning	<u>1,303,877</u>	<u>1,179,423</u>	<u>1,921,206</u>	<u>2,231,859</u>	<u>3,225,083</u>	<u>3,411,282</u>
Net assets, ending	<u>\$ 1,387,778</u>	<u>\$ 1,303,877</u>	<u>\$ 1,700,090</u>	<u>\$ 1,921,206</u>	<u>\$ 3,087,868</u>	<u>\$ 3,225,083</u>

Governmental Activities

The governmental activities of the Town include General Government, Public Safety, Public Works, Recreation, Airport, Industrial Development, and Payment of Interest on Long-Term debt. In that revenues normally associated with municipal operations, (e.g. sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its enterprise funds to cover the cost of all activities.

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenue and expenses related to the provision of electric, water, gas, and sewer services.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

The following is a summary of the business-type activities of the Town:

	<u>Operating Revenues Net of Purchases</u>				
	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2004	\$ 710,716	\$ 182,888	\$ 180,074	\$ 114,228	\$ 1,187,906
Fiscal year ended June 30, 2005	<u>544,813</u>	<u>219,686</u>	<u>137,564</u>	<u>154,685</u>	<u>1,056,748</u>
Increase (decrease) between years	<u>\$ (165,903)</u>	<u>\$ 36,798</u>	<u>\$ (42,510)</u>	<u>\$ 40,457</u>	<u>\$ (131,158)</u>

	<u>Operating Expenses</u>				
	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2004	\$ 275,978	\$ 196,214	\$ 119,305	\$ 229,649	\$ 821,146
Fiscal year ended June 30, 2005	<u>267,826</u>	<u>188,308</u>	<u>115,367</u>	<u>207,206</u>	<u>778,707</u>
Increase (decrease) between years	<u>\$ (8,152)</u>	<u>\$ (7,906)</u>	<u>\$ (3,938)</u>	<u>\$ (22,443)</u>	<u>\$ (42,439)</u>

	<u>Net Income (Loss) From Operations</u>				
	<u>Electric</u>	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Total</u>
Fiscal year ended June 30, 2004	\$ 434,738	\$ (13,326)	\$ 60,769	\$ (115,421)	\$ 366,760
Fiscal year ended June 30, 2005	<u>276,987</u>	<u>31,378</u>	<u>22,197</u>	<u>(52,521)</u>	<u>278,041</u>
Increase (decrease) between years	<u>\$ (157,751)</u>	<u>\$ 44,704</u>	<u>\$ (38,572)</u>	<u>\$ 62,900</u>	<u>\$ (88,719)</u>

The reasons for major fluctuations noted above are as follows:

Electric operating revenues decreased by \$77,195 from the prior year due to a decrease in demand. The cost of the electricity, however, increased during the fiscal year due to higher fuel costs. This increase in cost was not passed on in the way of a fuel adjustment to the customers.

Water and sewer operating revenues increased during the year due to rate adjustments that took effect January 1, 2005. These rate increases will be in effect for the entire fiscal year ending June 30, 2006 and should increase water and sewer operating revenues again for that fiscal year.

Gas operating revenues only increased by \$1,131 during the fiscal year. Natural gas purchase costs, however, increased by \$43,641 due to higher fuel costs. This increase in cost was not passed on in the way of a fuel adjustment to the customers.

Operating expenses decreased in all utility departments during the fiscal year by the amount of \$42,439. This decrease was primarily due to decreases in repair and maintenance costs totaling \$52,174.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently only maintains one individual governmental fund type. This fund type is the General Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the General Fund, which is considered to be a major fund.

The Town adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Fund

The Town of Jonesville's governmental fund (General Fund) reported an ending fund balance of \$154,732, which is a decrease of \$95,917. This decrease was caused by an increase in expenditures during the fiscal year, primarily capital outlays. There was also a significant decrease in transfers from the Town's utility fund. The entire ending fund balance of \$154,732 is unreserved.

Fund Financial Statements – Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its Combined Electric, Water, Gas, and Sewer Operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary fund shows a decrease in ending fund balance of \$221,116 from the prior fiscal year. The operating income of the electric and gas departments decreased by \$157,751 and \$38,572, respectively, accounting for the majority of the decrease in ending fund balance. These decreases were due to increased electricity and natural gas costs incurred during the year. The operating income of the water and sewer departments increased by \$44,704 and \$62,900, respectively. These increases were due to the rate increases, which were effective January 1, 2005.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

There were no differences between the original and final budgets of the General Fund. The original budget was not amended during the fiscal year.

Revenues exceeded the budgeted amounts by \$102,862. Other revenues were higher than anticipated for the fiscal year. Expenditures were \$80,728 higher than provided for in the budget. This variance was partially due to capital outlays funded by grants. Also, fire department expenditures were not budgeted until the amended budget in anticipation that the fire department will become a separate fire district.

**TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2005

General Fund Budgetary Highlights (continued)

The increase in revenues was sufficient to meet the increase in expenditures during the year. The deficiency of revenues over expenditures shows a positive budget variance of \$22,782. Actual transfers from the utility fund were \$118,699 less than projected in the budget accounting for the negative budget variance of \$95,917.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2005 is \$2,862,543.

New major capital assets purchased or constructed in fiscal 2005 are:

Governmental activities:

1. Intoxilizer equipment for use in the Police Department – \$5,420.
2. Chase electronic camera equipment for use in the Police Department – \$3,515. Funded by a grant from Red River Delta.
3. New fire truck for the Fire Department – \$148,519. Partially funded by a federal grant in the amount of \$100,000.
4. Fire equipment and a generator for the Fire Department – \$15,543. Partially funded by federal grants in the amount of \$4,400.
5. Used 1978 Chevy truck for use in the Street Department – \$6,500.
6. Improvements to the girls' softball complex – \$13,333. These improvements were partially funded by private contributions.
7. Construction of a walking trail for the Recreation Department – \$16,463. These improvements were partially funded by grants from the Rapides Foundation in the amount of \$10,000.
8. Installation of a sprinkler system to the Garan building – \$32,460. This improvement was partially funded by contributions from the tenant in the amount of \$12,105 and a state grant in the amount of \$20,355.
9. Construction of sewer system improvements, in process at June 30, 2004 and completed during the year ended June 30, 2005, in the amount of \$101,825, funded by a LCDBG-DN grant.

As of June 30, 2005, the Town also has outstanding obligations under uncompleted construction contracts of \$510,783. The construction contract for this project was not yet awarded at June 30, 2005.

Current Financial Factors

General fund revenue is expected to remain relatively constant during the upcoming fiscal year. Electric sales during the year will remain constant in relation to usage, unless changes are made to the rate structure. Gas sales will move relative to usage and to natural gas costs. Costs of electricity and natural gas are expected to rise substantially during the next fiscal year and will reduce operating income. Water and sewer sales should continue to increase as the rate changes, which were implemented January 1, 2005, continue to increase total revenues until they have been effective for a full year.

The ability of Utility Operations to continue to supplement the ever-increasing costs of general operations of the Town is doubtful. Operating costs continue to increase and it is doubtful that the total net revenues of the Utility Fund can continue to provide general fund support at current levels beyond the upcoming fiscal year. In the event that the cost of electricity or natural gas increases substantially, it will be necessary to raise rates charged for electricity and/or gas.

TOWN OF JONESVILLE, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2005

Requests for Information

This financial report is designed to provide a general overview of the Town of Jonesville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Robert L. Swayze, Municipal Clerk, Post Office Box 428, Jonesville, Louisiana 71343.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 120,540	\$ 13,209	\$ 133,749
Receivables (net of allowances for uncollectibles)	78,201	608,343	686,544
Restricted assets	-	152,073	152,073
Capital assets (net)	<u>1,288,182</u>	<u>1,574,361</u>	<u>2,862,543</u>
Total assets	<u>\$ 1,486,923</u>	<u>\$ 2,347,986</u>	<u>\$ 3,834,909</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 41,798	\$ 496,274	\$ 538,072
Payable from restricted assets	-	151,622	151,622
Other liabilities	2,211	-	2,211
Capital lease payable, due within one year	26,760	-	26,760
Capital lease payable, beyond one year	<u>28,376</u>	<u>-</u>	<u>28,376</u>
Total liabilities	<u>\$ 99,145</u>	<u>\$ 647,896</u>	<u>\$ 747,041</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 1,233,046	\$ 1,574,361	\$ 2,807,407
Unrestricted	<u>154,732</u>	<u>125,729</u>	<u>280,461</u>
Total net assets	<u>\$ 1,387,778</u>	<u>\$ 1,700,090</u>	<u>\$ 3,087,868</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT B

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		
	Charges for Services	Operating Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 364,805	\$ -	\$ -	\$ (364,805)	\$ (364,805)	\$ -	\$ (364,805)
Public safety							
Police	510,043	6,844	3,437	(391,084)	(391,084)	-	(391,084)
Fire	29,348	6,801	104,550	113,845	113,845	-	113,845
Public works							
Streets	372,977	-	-	(372,977)	(372,977)	-	(372,977)
Sanitation	142,829	-	-	24,871	24,871	-	24,871
Recreation	32,287	-	15,879	(16,408)	(16,408)	-	(16,408)
Airport	1,295	-	-	(1,295)	(1,295)	-	(1,295)
Industrial	10,758	-	-	(10,758)	(10,758)	-	(10,758)
Interest on long-term debt	4,049	-	-	(4,049)	(4,049)	-	(4,049)
Total governmental activities	\$ 1,468,391	\$ 13,645	\$ 123,866	\$ (1,022,660)	\$ 1,022,660	\$ -	\$ (1,022,660)

**BUSINESS-TYPE
ACTIVITIES**

Electric	\$ 2,037,375	\$ 2,314,362	\$ -	\$ 276,987	\$ -	\$ 276,987	\$ 276,987
Water	188,308	219,686	-	31,378	-	31,378	31,378
Gas	667,064	689,261	-	22,197	-	22,197	22,197
Sewer	207,206	154,685	82,950	30,429	-	30,429	30,429
Total business-type activities	\$ 3,099,953	\$ 3,377,994	\$ 82,950	\$ 360,991	\$ -	\$ 360,991	\$ 360,991
Total	\$ 4,568,344	\$ 3,686,214	\$ 206,816	\$ (661,669)	\$ (1,022,660)	\$ 360,991	\$ (661,669)

General Revenues:

Property taxes	\$ 74,140	\$ -	\$ -	\$ 74,140	\$ -	\$ 74,140	\$ 74,140
Sales taxes	171,717	-	-	171,717	-	171,717	171,717
Franchise taxes	7,048	-	-	7,048	-	7,048	7,048
Beer taxes	6,751	-	-	6,751	-	6,751	6,751
Occupational licenses	137,717	-	-	137,717	-	137,717	137,717
Investment earnings	3,255	-	-	3,255	-	3,255	3,255
Other general revenues	120,346	-	-	120,346	-	120,346	120,346
Transfers	585,587	-	-	585,587	-	585,587	585,587
Total general revenues and transfers	\$ 1,106,561	-	-	\$ 1,106,561	-	\$ (582,107)	\$ 524,454
Change in Net Assets	\$ 83,901	-	-	\$ 83,901	-	\$ (221,116)	\$ (137,215)
Net assets - beginning	1,303,877	-	-	1,303,877	-	1,921,206	3,225,083
Net assets - ending	\$ 1,387,778	-	-	\$ 1,387,778	-	\$ 1,700,090	\$ 3,087,868

The accompanying notes are an integral part of this financial statement.

Fund Financial Statements

Governmental Funds

TOWN OF JONESVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2005

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 120,540
Receivables (net of allowances for uncollectibles)	54,188
Due from other governments	<u>24,013</u>
Total assets	<u>\$ 198,741</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 30,472
Accrued liabilities	11,326
Other liabilities	<u>2,211</u>
Total liabilities	<u>\$ 44,009</u>
Fund balances:	
Unreserved, reported in:	
General Fund	<u>\$ 154,732</u>
Total fund balances	<u>\$ 154,732</u>
Total liabilities and fund balances	<u>\$ 198,741</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

JUNE 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 154,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	1,288,182
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Capital lease payable	<u>(55,136)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 1,387,778</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes	\$ 81,188
Licenses and permits	137,717
Rentals	15,350
Intergovernmental	293,256
Charges for services	167,700
Fines and forfeitures	108,678
Other	<u>162,816</u>
Total revenues	\$ <u>966,705</u>
<u>EXPENDITURES</u>	
General government	\$ 376,944
Public safety:	
Police	496,945
Fire	188,834
Public works:	
Streets	371,360
Sanitation	126,231
Recreation	58,609
Debt service:	
Principal	25,237
Interest	<u>4,049</u>
Total expenditures	\$ <u>1,648,209</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(681,504)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers in	\$ <u>585,587</u>
Total other financing sources (uses)	\$ <u>585,587</u>
Net change in fund balance	\$ (95,917)
Fund balances – beginning	<u>250,649</u>
Fund balances – ending	<u><u>154,732</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	(95,917)
--	----	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		154,581
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		25,237
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Change in Net Assets of Governmental Activities, Statement B	\$	<u>83,901</u>
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The accompanying notes are an integral part of this financial statement.

Proprietary Funds

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2005

Enterprise Fund
Utility Fund**ASSETS**

Current assets

Cash and cash equivalents

\$ 13,209

Receivables (net of allowances for uncollectibles)

608,343

Total current assets

\$ 621,552

Noncurrent assets

Restricted assets:

Cash and cash equivalents

\$ 152,073

Capital assets (net of accumulated depreciation)

1,574,361

Total noncurrent assets

\$ 1,726,434

Total assets

\$ 2,347,986**LIABILITIES**

Current liabilities

Accounts payable

\$ 482,657

Accrued liabilities

13,617

Total current liabilities

\$ 496,274

Current liabilities payable from restricted assets

Consumer deposits

\$ 151,622

Total liabilities

\$ 647,896**NET ASSETS**

Invested in capital assets, net of related debt

\$ 1,574,361

Unrestricted

125,729

Total net assets

\$ 1,700,090

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

Enterprise Fund
Utility Fund**OPERATING REVENUES**

Charges for services:

Electricity sales	\$ 2,276,447
Water sales	215,783
Gas sales	678,110
Sewer charges	151,897
Other operating revenue	<u>55,757</u>

Total operating revenues \$ 3,377,994

OPERATING EXPENSES

Personal services	\$ 398,177
Purchase of utilities provided	2,321,246
Materials and supplies	100,548
Repairs and maintenance	28,798
Depreciation	95,507
Utilities and telephone	54,749
Other operating expenses	<u>100,928</u>

Total operating expenses \$ 3,099,953

Operating Income \$ 278,041

Nonoperating Revenues (Expenses)

Interest earnings \$ 3,480

Total nonoperating revenues (expenses) \$ 3,480

Income Before Contributions and Transfers

\$ 281,521
Capital contributions 82,950
Transfer out (585,587)

Change in Net Assets

\$ (221,116)
Total net assets – beginning 1,921,206

Total net assets – ending \$ 1,700,090

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

Enterprise Fund
Utility Fund

Cash Flows From Operating Activities

Receipts from customers and users	\$ 3,350,016
Payments to suppliers	(2,637,021)
Payments to employees	(394,000)
Net cash provided by operating activities	<u>\$ 318,995</u>

Cash Flows From NonCapital Financing Activities

Transfers to other funds	\$ (585,587)
Net cash used for noncapital financing activities	<u>\$ (585,587)</u>

Cash Flows From Capital and Related Financing Activities

Capital contributions	\$ 114,187
Acquisition and construction of capital assets	(82,950)
Principal paid on capital debt	(7,788)
Net cash provided by capital and related financing activities	<u>\$ 23,449</u>

Cash Flows from Investing Activities

Interest on temporary investments	\$ 3,480
Net cash provided by investing activities	<u>\$ 3,480</u>

Net decrease in cash and cash equivalents	\$ (239,663)
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Cash and cash equivalents, beginning of year	<u>404,945</u>
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Cash and cash equivalents, end of year	<u>\$ 165,282</u>
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Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities

Operating income	<u>\$ 278,041</u>
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Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities

Depreciation	\$ 95,507
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable – customers	(29,410)
Increase (decrease) in:	
Accounts payable	(30,752)
Accrued liabilities	4,177
Customer deposits	1,432
Total adjustments	<u>\$ 40,954</u>
Net cash provided by operating activities	<u>\$ 318,995</u>

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

INTRODUCTION

The Town of Jonesville, Louisiana was incorporated December 16, 1903, under the provisions of the Lawrason Act. The Town operates under the Mayor-Town Council form of government and provides the following services as authorized by the Act: public safety (police and fire); streets; sanitation; recreation; public improvements; planning and zoning; provision of gas, electric, and water utilities; sewer services; airport facilities; and general services.

The accounting and reporting policies of the Town of Jonesville, Louisiana conform to generally accepted accounting principles as applicable to governments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary fund:

The Utility Fund is used to account for the provision of gas, electric, and water utilities, as well as sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation* (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. *Cash and Cash Equivalents*

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Catahoula Parish.

For the year ended June 30, 2005, taxes of 8.71 mills were levied on property with assessed valuations totaling \$8,512,055, after abatements and exemptions and were dedicated as follows:

General corporate purposes	8.71 mills
Total taxes levied were	\$ 74,140

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending June 30, 2005, these amounts were considered to be immaterial.

F. Restricted Assets – Utility Fund

Restricted assets were applicable to the following at June 30, 2005:

Consumer deposits	\$ <u>151,622</u>
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G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	30 years
Buildings	40 years
Vehicles	5 – 15 years
Machinery and equipment	5 – 15 years
Business-type activities/Enterprise Fund:	
Buildings	25 years
Infrastructure	20 – 50 years
Machinery and equipment	10 – 20 years
Vehicles	5 years

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. *Compensated Absences*

The liability for compensated absences has not been accrued because the amount is considered to be immaterial.

I. *Long-Term Obligations*

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Town Council.

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2005, the municipality has cash and cash equivalents (book balances) totaling \$285,822 as follows:

Demand deposits	\$ 153,428
Interest-bearing demand deposits	26,819
Time deposits	105,000
Cash on hand	<u>575</u>
Total	<u>\$ 285,822</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2005, the municipality has \$324,609 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$575,087 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 – RECEIVABLES

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes:			
Franchise tax	\$ 3,503	\$ -	\$ 3,503
Intergovernmental – grants:			
State	2,247	-	2,247
Parish	21,766	-	21,766
Accounts	62,132	695,294	757,426
Other	6,586	902	7,488
Allowance for uncollectibles	(18,033)	(87,853)	(105,886)
Total	<u>\$ 78,201</u>	<u>\$ 608,343</u>	<u>\$ 686,544</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

There were no interfund receivables or payables at June 30, 2005.

NOTE 6 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2005, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 284,850	\$ -	\$ -	\$ 284,850
Total capital assets, not being depreciated	<u>\$ 284,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,850</u>
Capital assets being depreciated				
Buildings	\$ 824,408	\$ 35,244	\$ -	\$ 859,652
Land improvements	81,706	16,463	-	98,169
Machinery and equipment	108,969	24,478	-	133,447
Vehicles	401,866	155,019	-	556,885
Total capital assets being depreciated	<u>\$ 1,416,949</u>	<u>\$ 231,204</u>	<u>\$ -</u>	<u>\$ 1,648,153</u>
Less accumulated depreciation for:				
Buildings	\$ (308,229)	\$ (18,562)	\$ -	\$ (326,791)
Land improvements	(43,400)	(2,769)	-	(46,169)
Machinery and equipment	(50,185)	(10,568)	-	(60,753)
Vehicles	(166,384)	(44,724)	-	(211,108)
Total accumulated depreciation	<u>\$ (568,198)</u>	<u>\$ (76,623)</u>	<u>\$ -</u>	<u>\$ (644,821)</u>
Total capital assets being depreciated, net	<u>\$ 848,751</u>	<u>\$ 154,581</u>	<u>\$ -</u>	<u>\$ 1,003,332</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 – CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 21,612	\$ -	\$ -	\$ 21,612
Construction in progress	<u>18,875</u>	<u>-</u>	<u>18,875</u>	<u>-</u>
Total capital assets, not being depreciated	<u>\$ 40,487</u>	<u>\$ -</u>	<u>\$ 18,875</u>	<u>\$ 21,612</u>
Capital assets being depreciated				
Buildings	\$ 11,579	\$ -	\$ -	\$ 11,579
Infrastructure	4,751,595	101,825	-	4,853,420
Machinery, equipment, and vehicles	<u>290,310</u>	<u>-</u>	<u>-</u>	<u>290,310</u>
Total capital assets being depreciated	<u>\$ 5,053,484</u>	<u>\$ 101,825</u>	<u>\$ -</u>	<u>\$ 5,155,309</u>
Less accumulated depreciation for:				
Buildings	\$ (11,566)	\$ -	\$ -	\$ (11,566)
Infrastructure	(3,255,091)	(84,007)	-	(3,339,098)
Machinery, equipment, and vehicles	<u>(240,396)</u>	<u>(11,500)</u>	<u>-</u>	<u>(251,896)</u>
Total accumulated depreciation	<u>\$ (3,507,053)</u>	<u>\$ (95,507)</u>	<u>\$ -</u>	<u>\$ (3,602,560)</u>
Total capital assets being depreciated, net	<u>\$ 1,546,431</u>	<u>\$ 6,318</u>	<u>\$ -</u>	<u>\$ 1,552,749</u>

Depreciation expense of \$76,623 for the year ended June 30, 2005, was charged to the following governmental functions:

General government	\$ 9,772
Public safety:	
Police	22,033
Fire	4,576
Public works:	
Streets	8,117
Sanitation	16,598
Recreation	3,474
Airport	1,295
Industrial	<u>10,758</u>
Total	<u>\$ 76,623</u>

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 7 – CONSTRUCTION COMMITMENTS

The municipality had active construction projects as of June 30, 2005. At year end the commitments with contractors were as follows:

<u>Project</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
FY 2004 PF LCDBG Water Project	\$ -	\$ 414,533
Police building	\$ -	\$ 96,250

Construction contract was not yet awarded at June 30, 2005. Commitments were for engineering and administration contracts.

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers during the year ended June 30, 2005, were as follows:

\$585,587 was transferred from the Utility Fund to the General Fund.

Transfers are primarily used to move funds from:

- The Proprietary Funds to the General Fund to cover expenses of general operations.

NOTE 9 – ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$538,072 at June 30, 2005 were as follows:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ 30,472	\$ 482,657	\$ 513,129
Withholdings	11,326	13,617	24,943
Total	<u>\$ 41,798</u>	<u>\$ 496,274</u>	<u>\$ 538,072</u>

NOTE 10 – SHORT-TERM DEBT

The following is a summary of short-term obligation transactions for the year ended June 30, 2005:

Short-term obligations payable at June 30, 2004	\$ 7,788
Repayment of note principal	<u>(7,788)</u>
Short-term obligations payable at June 30, 2005	<u>\$ -</u>

The Town of Jonesville, Louisiana issued a note in the amount of \$15,000 in connection with the purchase of a backhoe.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 11 – LEASES

The municipality records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

<u>Type</u>	<u>Recorded Amount</u>
Equipment (2 garbage trucks)	\$ 165,980
Less: Accumulated depreciation	<u>(34,579)</u>
Net carrying value	<u>\$ 131,401</u>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2005:

<u>Fiscal Year</u>	<u>Equipment</u>
2006	\$ 29,286
2007	<u>29,286</u>
Net minimum lease payments	\$ 58,572
Less – amounts representing interest	<u>(3,436)</u>
Present value of net minimum lease payments	<u>\$ 55,136</u>

NOTE 12 – SALES AND USE TAX REVENUES

The Town of Jonesville, Louisiana receives hard surface road tax and sanitation tax from Catahoula Parish.

NOTE 13 – PENSION PLAN

All full-time police and fire department employees are required to participate in their respective retirement systems. The Town currently has no full-time fire department employees. All employees of the Town participate in the Social Security System. Pertinent information relative to the Police Retirement System is as follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 13 – PENSION PLAN (continued)

Funding Policy. Plan members are required by state statute to contribute 7.50% of their annual covered salary, and the Town of Jonesville, Louisiana is required to contribute at an actuarially determined rate. The current rate is 21.50% of annual covered payroll. The contribution requirements of plan members and the Town of Jonesville, Louisiana are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jonesville, Louisiana's contributions to the System for the years ending June 30, 2005, 2004, and 2003 were \$6,488, \$4,179, and \$5,208, respectively, equal to the required contributions for each year.

NOTE 14 – SEGMENT INFORMATION FOR UTILITY FUND

The Enterprise Fund operated by the Town provides electric, gas, water, and sewer utility services. The following is a summary of segment information for Enterprise Funds:

	Electric Utility	Water Utility	Gas Utility	Sewer Service	Total
Operating revenue	\$ 2,276,447	\$ 215,783	\$ 678,110	\$ 151,897	\$ 3,322,237
Purchase of utility	(1,769,549)	-	(551,697)	-	(2,321,246)
Operating expenses	(255,900)	(153,822)	(101,671)	(171,807)	(683,200)
Depreciation	(11,926)	(34,486)	(13,696)	(35,399)	(95,507)
Other operating revenue	37,915	3,903	11,151	2,788	55,757
Operating income (loss)	\$ 276,987	\$ 31,378	\$ 22,197	\$ (52,521)	\$ 278,041
Interest earnings					\$ 3,480
Income (loss) before contributions and transfers					\$ 281,521

NOTE 15 – COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the Town of Jonesville, Louisiana consists of a Mayor and five Council Members. For the fiscal year ended June 30, 2005, the following compensations were paid:

	Salary	Health and Life Insurance	Totals
Mike Wilson, Mayor	\$ 19,000	\$ 7,277	\$ 26,277
Stephen R. Mophett, Council Member	5,200	6,027	11,227
Josie Bullitts, Council Member	5,400	2,177	7,577
Loria Hollins, Council Member	5,600	3,944	9,544
Charles Branch, Council Member	5,400	6,027	11,427
Tommy Branch, Council Member	5,700	91	5,791
Totals	\$ 46,300	\$ 25,543	\$ 71,843

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 16 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 18 – SALE OF POLICE BUILDING

In May, 2005, the Town of Jonesville and the Catahoula Parish School Board agreed to the sale of the Police Department property to the State of Louisiana under expropriation procedures to construct a new bridge spanning the Black River. There is a dispute regarding the allocation of funds provided by such expropriation. The funds, in the amount of \$54,359 have been deposited into the Catahoula-LaSalle Bank, who has agreed to act as Escrow Agent. The Seventh Judicial District Court will hear arguments regarding the dispute in late 2005 or early 2006, and the transfer of property will be recorded in the financial statements at the time of the court's final decision.

Required Supplemental Information (Part II)

TOWN OF JONESVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

GENERAL FUND

YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 77,000	\$ 77,745	\$ 81,188	\$ 3,443
Licenses and permits	115,000	120,179	137,717	17,538
Rentals	15,000	15,580	15,350	(230)
Intergovernmental	306,000	372,534	293,256	(79,278)
Charges for services	160,000	168,000	167,700	(300)
Other	53,000	109,805	271,494	161,689
Total revenues	\$ 726,000	\$ 863,843	\$ 966,705	\$ 102,862
Expenditures				
General government	\$ 365,000	\$ 367,474	\$ 376,944	\$ (9,470)
Public safety:				
Police	476,500	487,600	496,945	(9,345)
Fire	-	181,874	188,834	(6,960)
Public works:				
Streets	407,500	365,043	371,360	(6,317)
Sanitation	131,000	121,228	126,231	(5,003)
Recreation	20,000	14,977	58,609	(43,632)
Airport	1,000		-	
Debt service:				
Principal	25,237	25,237	25,237	-
Interest	4,049	4,049	4,049	-
Total expenditures	\$ 1,430,286	\$ 1,567,482	\$ 1,648,209	\$ (80,727)
Deficiency of revenues over expenditures	\$ (704,286)	\$ (703,639)	\$ (681,504)	\$ 22,135
Other Financing Sources (Uses)				
Operating transfers - in	\$ 704,286	\$ 693,084	\$ 585,587	\$ (107,497)
Total other financing sources (uses)	\$ 704,286	\$ 693,084	\$ 585,587	\$ (107,497)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ (10,555)	\$ (95,917)	\$ (85,362)
Fund balances, beginning of year	250,649	250,649	250,649	-
Fund balances, end of year	\$ 250,649	\$ 240,094	\$ 154,732	\$ (85,362)

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

Other Supplemental Information

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash	\$ 80,502	\$ 147,808
Temporary investments (at cost)	40,038	88,766
Receivables (net of allowance for uncollectibles):		
Court fines	44,099	30,345
Franchise tax	3,503	3,800
Other	6,586	246
Due from other governments	<u>24,013</u>	<u>27,717</u>
Total assets	<u>\$ 198,741</u>	<u>\$ 298,682</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	\$ 30,472	\$ 43,480
Accrued liabilities	11,326	1,788
Other liabilities	<u>2,211</u>	<u>2,765</u>
Total liabilities	<u>\$ 44,009</u>	<u>\$ 48,033</u>
FUND BALANCE		
Unreserved	<u>\$ 154,732</u>	<u>\$ 250,649</u>
Total fund balance	<u>\$ 154,732</u>	<u>\$ 250,649</u>
Total liabilities and fund balance	<u>\$ 198,741</u>	<u>\$ 298,682</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u>		
Taxes	\$ 81,188	\$ 79,980
Licenses and permits	137,717	128,281
Rentals	15,350	14,565
Intergovernmental	293,256	252,017
Charges for services	167,700	171,037
Fines and forfeitures	108,678	117,210
Other	<u>162,816</u>	<u>48,223</u>
Total revenues	<u>\$ 966,705</u>	<u>\$ 811,313</u>
<u>EXPENDITURES</u>		
General government	\$ 376,944	\$ 358,839
Public safety:		
Police	496,945	452,842
Fire	188,834	14,488
Public works:		
Streets	371,360	418,366
Sanitation	126,231	123,654
Recreation	58,609	56,980
Debt service:		
Principal	25,237	23,800
Interest	<u>4,049</u>	<u>5,486</u>
Total expenditures	<u>\$ 1,648,209</u>	<u>\$ 1,454,455</u>
Deficiency of revenues over expenditures	<u>\$ (681,504)</u>	<u>\$ (643,142)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Sale of capital assets	\$ -	\$ 7,736
Operating transfers – in	<u>585,587</u>	<u>730,262</u>
Total other financing sources (uses)	<u>\$ 585,587</u>	<u>\$ 737,998</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ (95,917)	\$ 94,856
Fund balances, beginning of year	<u>250,649</u>	<u>155,793</u>
Fund balances, end of year	<u>\$ 154,732</u>	<u>\$ 250,649</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2005

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>	<u>2004</u>
GENERAL GOVERNMENT:		
Personal services	\$ 227,215	\$ 258,267
Materials and supplies	8,478	9,401
Professional services	46,964	38,229
Repairs and maintenance	4,067	6,260
General insurance	14,847	12,125
Miscellaneous	37,915	14,867
Utility/telephone	11,459	13,692
Travel expenses	4,088	5,998
Capital outlay	<u>21,911</u>	<u>-</u>
Total general government	<u>\$ 376,944</u>	<u>\$ 358,839</u>
PUBLIC SAFETY - POLICE:		
Personal services	\$ 374,217	\$ 349,007
Materials and supplies	31,605	29,682
Professional services	3,272	2,221
Repairs and maintenance	12,367	16,363
General insurance	25,062	16,940
Miscellaneous	27,250	24,989
Utility/telephone	11,905	12,312
Travel expenses	2,332	1,328
Capital outlay	<u>8,935</u>	<u>-</u>
Total public safety - police	<u>\$ 496,945</u>	<u>\$ 452,842</u>
PUBLIC SAFETY - FIRE:		
Personal services	\$ 6,749	\$ 3,977
Materials and supplies	12,277	1,348
Professional services	262	-
Repairs and maintenance	581	2,991
General insurance	4,352	242
Miscellaneous	528	30
Utility/telephone	23	5,900
Capital outlay	<u>164,062</u>	<u>-</u>
Total public safety - fire	<u>\$ 188,834</u>	<u>\$ 14,488</u>

-continued-

TOWN OF JONESVILLE, LOUISIANA

GENERAL FUND

STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30, 2005
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED JUNE 30, 2004

	<u>2005</u>	<u>2004</u>
PUBLIC WORKS – STREETS:		
Personal services	\$ 242,939	\$ 286,202
Materials and supplies	56,390	49,605
Professional services	4,303	1,906
Repairs and maintenance	26,375	23,685
General insurance	9,098	6,398
Miscellaneous	22,531	5,802
Utility/telephone	2,656	3,154
Travel expenses	568	330
Capital outlay	<u>6,500</u>	<u>41,284</u>
Total public works – streets	<u>\$ 371,360</u>	<u>\$ 418,366</u>
PUBLIC WORKS – SANITATION:		
Personal services	\$ 76,770	\$ 84,370
Materials and supplies	25,273	17,399
Professional services	1,866	1,906
Repairs and maintenance	7,161	2,371
General insurance	12,381	14,791
Miscellaneous	1,690	1,703
Utility/telephone	<u>1,090</u>	<u>1,114</u>
Total public works – sanitation	<u>\$ 126,231</u>	<u>\$ 123,654</u>
RECREATION:		
Materials and supplies	\$ 512	\$ 283
Repairs and maintenance	6,463	11,784
Miscellaneous	18,261	3,944
Utility/telephone	3,577	5,969
Capital outlay	<u>29,796</u>	<u>35,000</u>
Total recreation	<u>\$ 58,609</u>	<u>\$ 56,980</u>
DEBT SERVICE:		
Principal	\$ 25,237	\$ 23,800
Interest	<u>4,049</u>	<u>5,486</u>
Total debt service	<u>\$ 29,286</u>	<u>\$ 29,286</u>
 Total expenditures – all departments	 <u>\$ 1,648,209</u>	 <u>\$ 1,454,455</u>

The accompanying notes are an integral part of this financial statement.

ENTERPRISE FUND

Municipal Utilities Fund – To account for the provision of electric, natural gas, water, and sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administrative, operations and maintenance, financing and related debt service, and billings and collections.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEM

COMPARATIVE BALANCE SHEET

JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 13,209	\$ 65,457
Temporary investments at cost	-	153,369
Accounts receivable, net of allowance for uncollectible accounts (\$87,853 in 2005 and \$87,853 in 2004)	608,343	578,933
Due from other governments	-	31,237
Total current assets	<u>\$ 621,552</u>	<u>\$ 828,996</u>
Restricted assets – consumer deposits		
Cash	\$ 60,292	\$ 94,505
Temporary investments at cost	91,781	91,614
Total restricted assets	<u>\$ 152,073</u>	<u>\$ 186,119</u>
Plant and equipment, at cost, net of accumulated depreciation (\$3,602,561 in 2005 and \$3,507,053 in 2004)	<u>\$ 1,574,361</u>	<u>\$ 1,586,918</u>
Total assets	<u>\$ 2,347,986</u>	<u>\$ 2,602,033</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current liabilities (payable from current assets)		
Accounts payable	\$ 482,657	\$ 513,409
Accrued liabilities	13,617	9,440
Note payable	-	7,788
Total current liabilities (payable from current assets)	<u>\$ 496,274</u>	<u>\$ 530,637</u>
Current liabilities (payable from restricted assets)		
Consumer deposits	<u>\$ 151,622</u>	<u>\$ 150,190</u>
Total current liabilities (payable from restricted assets)	<u>\$ 151,622</u>	<u>\$ 150,190</u>
Total liabilities	<u>\$ 647,896</u>	<u>\$ 680,827</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,574,361	\$ 1,579,130
Unrestricted	125,729	342,076
Total net assets	<u>\$ 1,700,090</u>	<u>\$ 1,921,206</u>
Total liabilities and net assets	<u>\$ 2,347,986</u>	<u>\$ 2,602,033</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ALL DEPARTMENTS

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Utility sales and fees	\$ 3,322,237	\$ 3,327,405
Other operating revenues	<u>55,757</u>	<u>49,398</u>
Total operating revenues	<u>\$ 3,377,994</u>	<u>\$ 3,376,803</u>
<u>OPERATING EXPENSES</u>		
Personal Services	\$ 398,177	\$ 359,970
Purchase of utilities provided	2,321,246	2,188,897
Materials and supplies	100,548	89,112
Repairs and maintenance	28,798	80,972
Depreciation	95,507	98,955
Utilities and telephone	54,749	65,969
Bad debts	-	11,816
Other operating expenses	<u>100,928</u>	<u>114,352</u>
Total operating expenses	<u>\$ 3,099,953</u>	<u>\$ 3,010,043</u>
Operating income	<u>\$ 278,041</u>	<u>\$ 366,760</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
ELECTRIC DEPARTMENT

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Electricity sales and fees	\$ 2,276,447	\$ 2,357,429
Other operating revenues	<u>37,915</u>	<u>34,128</u>
Total operating revenues	<u>\$ 2,314,362</u>	<u>\$ 2,391,557</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 157,264	\$ 150,564
Purchase of electricity	1,769,549	1,680,841
Materials and supplies	27,396	22,609
Repairs and maintenance	11,570	18,730
Depreciation	11,926	19,818
Utilities and telephone	9,947	11,250
Bad debts	-	8,458
Other operating expenses	<u>49,723</u>	<u>44,549</u>
Total operating expenses	<u>\$ 2,037,375</u>	<u>\$ 1,956,819</u>
Operating income	<u>\$ 276,987</u>	<u>\$ 434,738</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
WATER DEPARTMENT

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Water sales and fees	\$ 215,783	\$ 179,068
Other operating revenues	<u>3,903</u>	<u>3,820</u>
Total operating revenues	\$ <u>219,686</u>	\$ <u>182,888</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 73,104	\$ 53,818
Materials and supplies	33,588	34,440
Repairs and maintenance	3,861	17,434
Depreciation	34,486	34,503
Utilities and telephone	25,182	32,016
Bad debts	-	2,363
Other operating expenses	<u>18,087</u>	<u>21,640</u>
Total operating expenses	\$ <u>188,308</u>	\$ <u>196,214</u>
Operating loss	<u>\$ 31,378</u>	<u>\$ (13,326)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
NATURAL GAS DEPARTMENT

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Natural gas sales and fees	\$ 678,110	\$ 678,310
Other operating revenues	<u>11,151</u>	<u>9,820</u>
Total operating revenues	<u>\$ 689,261</u>	<u>\$ 688,130</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 55,076	\$ 51,654
Purchase of natural gas	551,697	508,056
Materials and supplies	15,558	8,236
Repairs and maintenance	6,435	14,808
Depreciation	13,696	13,997
Utilities and telephone	4,362	4,556
Bad debts	-	622
Other operating expenses	<u>20,240</u>	<u>25,432</u>
Total operating expenses	<u>\$ 667,064</u>	<u>\$ 627,361</u>
Operating income	<u>\$ 22,197</u>	<u>\$ 60,769</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF JONESVILLE, LOUISIANA

ENTERPRISE FUND
MUNICIPAL UTILITIES SYSTEMCOMPARATIVE STATEMENT OF OPERATING REVENUES AND EXPENSES
SEWER DEPARTMENT

YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>OPERATING REVENUES</u>		
Charges for services		
Sewer charges and fees	\$ 151,897	\$ 112,598
Other operating revenues	<u>2,788</u>	<u>1,630</u>
Total operating revenues	<u>\$ 154,685</u>	<u>\$ 114,228</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 112,733	\$ 103,934
Materials and supplies	24,006	23,827
Repairs and maintenance	6,932	30,000
Depreciation	35,399	30,637
Utilities and telephone	15,258	18,147
Bad debts	-	373
Other operating expenses	<u>12,878</u>	<u>22,731</u>
Total operating expenses	<u>\$ 207,206</u>	<u>\$ 229,649</u>
Operating loss	<u>\$ (52,521)</u>	<u>\$ (115,421)</u>

The accompanying notes are an integral part of this financial statement.

Reports on Compliance and Internal Control

JERI SUE TOSSPON
Certified Public Accountant
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS.**

The Mayor and the Board of Aldermen
Town of Jonesville
Jonesville, Louisiana

I have audited the financial statement of the Town of Jonesville as of and for the year ended June 30, 2005, and have issued my report thereon dated October 10, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

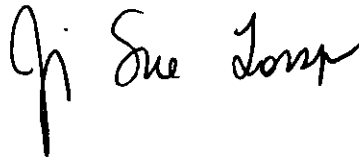
In planning and performing my audit, I considered the Town of Jonesville's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jonesville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective on my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance and other matters that are

required to be reported under *Government Auditing Standards*. However, I noted certain additional matters that I reported to management of the Town of Jonesville in a separate letter dated October 10, 2005.

This report is intended solely for the information and use of the management, Mayor and Board of Aldermen, Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:413, this document may be distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "J. Sue Long". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Ferriday, Louisiana
October 10, 2005

JERI SUE TOSSPON
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To the Mayor and Board of Aldermen
Town of Jonesville
Jonesville, Louisiana

I have audited the financial statements of the Town of Jonesville, as of June 30, 2005 and for the year then ended, and have issued my reports dated October 10, 2005. As a part of my examination, I made a study and evaluation of the Town's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements. My study was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Town is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of the Town taken in as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

My comments on specific financial and accounting matters and recommendations developed during my examination which do not represent material weaknesses, are detailed below.

2005-1 Budget Variance - The actual financial results of the fiscal year ended June 30, 2005 varied from the final budget approved by the Town by more than 5%, which is in violation of the Local Government Budget Act. Actual revenues exceeded budget amounts by 11.9% and actual expenditures exceeded budgeted amounts by 5.15%.

It is recommended that budget compliance be more closely monitored and amendments made to ensure that final results are within the 5% variance limits to enable the Town to more effectively use the budget as a management tool.

Management Response - *We had overlooked this. Management will exercise more oversight on the budget in the future.*

2005-2 Incorrect Payment - It appears that a payment made to the former Fire Chief in the previous fiscal year was for a bonus for prior services which is in violation of the Louisiana Constitution, Article 7, Section 14. Payments must be related to specific services rendered at the time such services are done.

Management Response - *The Town will meet with the Fire District Board, discuss this finding and determine responsibility and proceed to correct this finding from there.*

2005-3 Dual Office Holding - It appears that a Town Alderperson is also serving on the Board of the Fire District. This would be a violation of Louisiana Revised Statute 42:61 which prohibits dual office holding.

Management Response - *The Mayor will speak to the Fire District Board and the Alderperson. The alderperson will be asked to resign from the Fire District Board.*

This report is intended for the use of the Town's management and others within the organization.

I thank all the personnel at the Town for their cooperation during my examination.

Ferriday, Louisiana
October 10, 2005